

RQ-3



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 18, 2005

Brent Weaver, Treasurer
Democratic Party of South Carolina
P.O. Box 5965
Columbia, SC 29250

Response Due Date:
March 21, 2005

Identification Number: C00007658

Reference: Year End Report (7/01/03-12/31/03)

Dear Mr. Weaver:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **An adequate response must be received at the Commission by the response date noted above.** An itemization of the information needed follows:

-Your report includes memo Schedule A's totaling \$16,352 for "SC Party Victory Fund," which appear to be your committee's share of the gross contributions received from a joint fundraising committee. However, Schedule A supporting Line 12 of your report does not disclose a transfer(s) from the related joint fundraising committee, but rather discloses a transfer(s) from the "Democratic National Committee" for \$11,810.11. If this transfer(s) represents your committee's share of net proceeds as a result of this apparent joint fundraising effort, please amend your report to clearly identify the name of the joint fundraising committee. Otherwise, please clarify why there is no transfer(s)-in from this joint fundraiser to correspond with the memo Schedule A's.

-Schedule A supporting Line 15 of your report discloses a payment(s) from a federal political committee(s) for goods and/or services provided by your committee. 11 CFR §100.52(d)(1) states that "...the provision of any goods or services without charge or at a charge which is less than the usual and normal charge for such goods or services is a contribution." Examples of goods and services include equipment, supplies, personnel, membership lists and mailing lists. The term "usual and normal charge" for goods is

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defined as "...the price of those goods in the market from which they ordinarily would have been purchased at the time of the contribution". The usual and normal charge for services is defined as "...the hourly or piecework charge for the services at a commercially reasonable rate prevailing at the time the services were rendered." 11 CFR §100.52(d)(2)

Please clarify whether your committee assessed the usual and normal charge for the goods and/or services you provided to the federal political committee(s) and explain the steps your committee took in determining the amount(s) charged. If your committee provided the goods and/or services at less than the usual and normal charge, the difference between the two is considered to be an in-kind contribution by your committee to the federal political committee(s) and is subject to the limits set forth at 2 U.S.C. §441a. (11 CFR §100.52(d)(1))

-Your report does not disclose any payments for salary or wages on Schedule B supporting Line 30(b) of the Detailed Summary Page. 11 CFR §100.24 defines as Federal Election Activity, services provided by an employee of a State, district or local party committee who spends more than 25 percent of their time during that month on activities in connection with a Federal election. You are advised that payments for salaries and wages for employees who spend more than 25 percent of their compensated time in a given month on Federal Election Activity or activities in connection with a Federal election must be made with Federal funds only. Please provide clarification regarding the lack of payments for salary and wages disclosed by your committee.

-Schedule H4 supporting Line 21(a) of your report discloses a payment(s) for "dental insurance premiums" and "medical insurance." Please be advised that pursuant to 11 CFR §300.33(c)(2), salaries and wages for employees who spend more than 25% of their compensated time in a given month on Federal election activity or activities in connection with a Federal election must not be allocated between or among federal and non-federal accounts. Rather, only federal funds may be used. Further, the Commission concluded in Advisory Opinion 2003-11 that amounts spent for employee-specific "fringe benefits," consisting of health insurance, disability insurance, life insurance, retirement benefits and payroll taxes, fall into the category of compensated time.

Any reimbursement from your committee's non-federal account for this payment is not permissible and must be returned. Although the Commission may take further legal action regarding this improper allocation activity, your prompt action will be taken into consideration.

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-Schedule H4 of your report discloses \$11,268.36 in payments for "consulting - compliance & treasury," "consulting - fundraising," "consulting - generic administration," "consulting - generic fundraising," and "janitorial services" to individuals. Please clarify whether these individuals are employees of your committee. You are advised that pursuant to 11 CFR §300.33(c)(2), salaries and wages for employees who spend more than 25% of their compensated time in a given month on Federal election activity or activities in connection with a Federal election must not be allocated between or among federal, non-federal and Levin accounts. Rather, only federal funds may be used. Any reimbursement from your committee's non-federal or Levin account for salary and wage payments is not permissible and must be returned. Please provide clarification regarding these payments.

-Please clarify all expenditures made for "event - beverage (generic)," "event - food," "event - food & facilities," and "facility rental" on Schedule(s) H4. If a portion or all of these expenditures were made on behalf of specifically identified federal candidates, this amount should be disclosed on Schedules B, E, or F supporting Lines 23, 24, or 25 and include the amount, name, address and office sought by each candidate. 11 CFR §§104.3(b) and 106.1

-Schedule H4 of your report discloses a payment to "Joe A. Erwin," which is categorized as an Administrative expense; however, the purpose of disbursement disclosed is "reimbursement - generic research/polling." Please be advised that payments made for your committee's generic voter drive activities should be categorized as a Voter Drive expense on Schedule H4. Please amend your report to clarify the appropriate category for this activity or provide clarifying information regarding this apparent discrepancy.

-Schedule H4 of your report discloses payments to "Jenna R. Micklash," "Ashley Newton," "Morganellis," "Southern Way Inc.," "Hilton Charlotte & Towers," "USC," and "Shannon Wilbanks," which are categorized as Administrative expenses; however, the purposes of disbursement disclosed are "consulting - fundraising," "event - beverage (generic)," "event - food," "event - food & facilities," "facility rental," and "reimbursement - event supplies." Please be advised that payments made for your committee's fundraising activities must be allocated according to the funds received method and the ratio reflected on Schedule H2. Please amend your report to clarify the appropriate category for this activity or provide clarifying information regarding this apparent discrepancy.

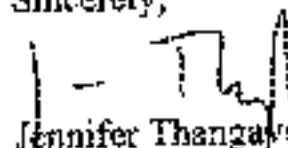
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-Itemized disbursements must include a brief statement or description of why the disbursements were made. Please amend Schedule(s) H4 of your report to clarify the following description(s): "reimbursement - event supplies." For further guidance regarding acceptable purposes of disbursements, please refer to 11 CFR §104.3(b)(3).

Unlike previous election cycles, you will not receive an additional notice from the Commission on this matter. Adequate responses received on or before this date will be taken into consideration in determining whether audit action will be initiated. **Requests for extensions of time in which to respond will not be considered.** Failure to provide an adequate response by this date may result in an audit of the committee. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number (202) 694-1143.

Sincerely,



Jennifer Thangavelu
Campaign Finance Analyst
Reports Analysis Division

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